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SUBSIDIARY BODY FOR IMPLEMENTATION
Thirteenth session
Lyon, 11-15 September 2000
Items 3 and 4 of the provisional agenda

IMPLEMENTATION OF ARTICLE 4.8 AND 4.9 OF THE CONVENTION (DECISION 3/CP.3 AND ARTICLES 2.3 AND 3.14 OF THE KYOTO PROTOCOL)

MATTERS RELATING TO ARTICLE 3.14 OF THE KYOTO PROTOCOL

Note by the chairmen of the subsidiary bodies

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I. INTRODUCTION

1. At their twelfth sessions, the subsidiary bodies considered item 3 (Implementation of Article 4.8 and 4.9 of the Convention (decision 3/CP.3 and Articles 2.3 and 3.14 of the Kyoto Protocol)), and item 4 (Matters relating to Article 3.14 of the Kyoto Protocol) of their agendas by way of a joint contact group chaired by Mr. Bo Kjellén (Sweden), and Mr. Mohamad Reza Salamat (Islamic Republic of Iran), Vice-Chairman of the Subsidiary Body for Implementation (SBI).

2. In the course of the discussions, delegations were invited to provide inputs. Subsequently, the co-Chairs of the joint contact group presented a consolidated text based on the discussions, the submissions and the report of the workshops mandated by decision 12/CP.5 (FCCC/SB/2000/2).

3. Subsequently, two further inputs were provided, one by Australia, Canada, Japan and the United States of America, and the other by Portugal on behalf of the European Community and its member States.

4. This document has been prepared in response to a request by the subsidiary bodies at their twelfth session. It includes the consolidated text referred to in paragraph 2 above (see section II) and the submissions referred to in paragraph 3 above (see section III).

II. CONSOLIDATED TEXT
(presented by the co-chairs of the joint contact group)

Implementation of Article 4.8 and 4.9 of the Convention (decision 3/CP.3 and Articles 2.3 and 3.14 of the Kyoto Protocol)

Matters relating to Article 3.14 of the Kyoto Protocol

The Conference of the Parties,

Recalling its decision 1/CP.4 entitled "The Buenos Aires Plan of Action",

Recalling also its decision 8/CP.4 on preparations for the first session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,

Recalling also its decisions 5/CP.4 and12/CP.5 on the implementation of Article 4.8 and 4.9 of the Convention and matters relating to Article 3.14 of the Kyoto Protocol,

Recognizing the specific needs and concerns of developing country Parties referred to in Article 4.8 of the Convention, and the specific needs and special situations of the least developed countries referred to in Article 4.9,

Acknowledging the efforts already made by Parties to meet the specific needs and concerns of developing country Parties, in particular the least developed countries, with regard to adaptation,

Taking note of the report on the two workshops[1] referred to in decision 12/CP.5, which were held in Bonn from 9 to 11 March 2000, and from 13 to 15 March 2000,

Having considered the report, in two parts, of the above-mentioned workshops, regarding (a) the consideration of initial actions, including actions related to funding, insurance and the transfer of technology, needed to meet the specific needs and concerns of developing country Parties, and the specific needs and special situations of the least developed countries, arising from the adverse effects of climate change on, *inter alia*, water resources, agriculture and food security, economic activities, coastal zones and health, and (b) methodological approaches and what actions are necessary under the Convention relating to the impact of the implementation of response measures on, *inter alia*, terms of trade, international capital flows and developmental efforts, in accordance with Article 4.8 and 4.9 of the Convention, and in the light of matters related to Article 3.14 of the Kyoto Protocol, respectively,

Having considered matters relating to Article 3.14 of the Kyoto Protocol,

Acknowledging the need for removing market imperfections in accordance with Article 2.1 (a) (v) of the Kyoto Protocol,

1. *Requests* the subsidiary bodies, at their subsequent sessions, giving special attention to the situations of the least developed countries in accordance with Article 4.9 of the Convention, and reaffirming, in particular, the need for capacity-building and technical assistance, to continue the consideration of Article 4.8 and 4.9 of the Convention, and of Article 3.14 of the Kyoto Protocol;

Adverse effects of climate change

2. *Underlines* the importance of the following activities, and urges Parties included in Annex II to the Convention to provide financial and technological support for these activities to developing country Parties:

(a) Improving preliminary data and information gathering;

(b) Providing for thematic and regional workshops on issues related to adaptation, insurance, technology and financing relevant to these articles;

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[1] FCCC/SB/2000/2.

(c) Establishing and strengthening systematic observation and monitoring networks (sea level and climate monitoring stations), and providing training in specialized fields relevant to adaptation, such as geographical information systems, modelling, and integrated coastal management;

(d) Enhancing technical training for vulnerability assessments, climate change impact assessment across all sectors, and environmental management;

(e) Establishing or strengthening regional centres for the provision of research, training, education and technical support;

(f) Establishing or strengthening early warning systems for extreme weather events in an integrated and interdisciplinary manner to suit the requirements of particularly vulnerable countries;

(g) Establishing pilot or demonstration projects to show how adaptation planning and assessment can be practically translated into projects that will provide real benefits, and can be integrated into national policy and sustainable development planning, on the basis of the staged approach endorsed by the Conference of the Parties in its decision 11/CP.1, entitled "Initial guidance on policies, programme properties and eligibility criteria to the operating entity or entities of the financial mechanism";

(h) The provision of support by the Global Environment Facility for enabling activities for vulnerability and adaptation assessment, and for disaster preparedness;

(i) Enhancing institutional capacity to integrate adaptation into sustainable development programmes;

(j) Establishing a disaster fund for climate-induced disaster relief for vulnerable developing countries;

(k) Implementing adaptation activities immediately where sufficient information is available to warrant such activities, particularly in the areas of water resources, agriculture and integrated coastal zone management;

(l) Integrating climate change considerations into land use, including crop production and livestock management;

(m) Promoting methodologies to distinguish climate change impacts from other impacts, and further research to link historical information with climate change and climate variability;

(n) Developing joint work with other conventions such as the Convention to Combat Desertification on areas of common interest, and addressing linkages to related decisions of the Conference of the Parties on capacity-building;

3. *Requests* the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation to assess, at their [xx] sessions, the progress of the above-mentioned activities and to make recommendations thereon to the Conference of the Parties at its [xx] session;

4. *Encourages* Parties not included in Annex I to the Convention to provide detailed information, in their national communications, on their specific needs and concerns arising from the adverse effects of climate change;

5. *Encourages* Parties included in Annex II to the Convention to provide detailed information, in their national communications, on their existing and planned support programmes to meet the specific needs and circumstances of developing country Parties arising from the adverse effects of climate change;

6. *Encourages* Parties to support and participate in ongoing efforts to develop a vulnerability index for those countries that are vulnerable to the adverse effects of climate change;

7. *Requests* the secretariat to organize a workshop [*when?*] on insurance-related actions to address the specific needs and concerns of developing countries arising from the adverse effects of climate change;

8. *Requests* the secretariat to organize a workshop [*when?*] on actions needed to address the specific needs and special situations of the least developed countries;

Impact of the implementation of response measures

9. *Encourages* Parties not included in Annex I to the Convention to provide detailed information, in their national communications, on their specific needs and concerns arising from the implementation of response measures;

10. *Encourages* Parties included in Annex II to the Convention to provide detailed information, in their national communications, on their existing and planned support programmes to meet the specific needs and circumstances of developing country Parties arising from the impact of the implementation of response measures;

11. *Calls upon* Parties included in Annex II to the Convention to strengthen the capacity of developing countries identified in Article 4.8 and 4.9 of the Convention for efficiency in the production, distribution and use of fossil fuels, *through the provision of financial and* technological support;

12. *Urges* Parties included in Annex II to the Convention to support the development and use of natural gas in developing countries;

13. *Invites* Parties included in Annex II to the Convention to support research into, and the development and use of, renewable energy, including solar and wind energy, in developing countries;

14. *Requests* the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation to consider, at their [xx] sessions, the response by Annex II Parties to the actions listed in paragraphs 11, 12, and 13 above;

15. *Encourages* Parties to promote methodological work to close the information gaps and build a better understanding of the impact of response measures on developing countries, particularly the least developed countries;

16. *Requests* the secretariat to organize a workshop [*when?*] on insurance-related actions to address the specific needs and concerns of developing countries arising from the impact of the implementation of response measures;

17. *Requests* the secretariat to organize a workshop [*when?*] on the status of modelling activities to assess the impact of implemented response measures on individual developing countries, as well as the effectiveness of action taken by non-Annex I Parties and their development partners to promote diversification. The workshop will also suggest processes for developing these methodologies, including how to ensure the participation of developing country experts in such efforts, and to support efforts to disaggregate these models at the regional and national levels, particularly in relation to aspects associated with livelihood security in poor communities, especially in the least developed countries;

Article 3.14 of the Kyoto Protocol

18. *Decides* to establish a process to address matters related to Article 3.14 of the Kyoto Protocol, including information exchange and the development of methodologies related to efforts to minimize adverse social, environmental and economic impacts on developing country Parties, particularly those identified in Article 4.8 and 4.9 of the Convention, including those related to the establishment of funding, insurance and transfer of technology;

19. *Invites* the Intergovernmental Panel on Climate Change to prepare a [special report/technical paper] on carbon sequestration technologies, covering current and future options and possibilities, for consideration by the subsidiary bodies at their [xx] sessions;

20. *Underlines* the potential role of sinks in minimizing the adverse impacts on developing country Parties under *Article 3.14 of the Kyoto Protocol*;

21. *Underlines also* the potential role of the Kyoto Protocol mechanisms in minimizing the adverse impacts on developing country Parties under Article 3.14 of the Kyoto Protocol;

22. *Invites* Parties included in Annex I to the Convention to provide information to the Conference of the Parties, through the secretariat, on existing market imperfections, fiscal incentives, tax and duty incentives and subsidies in their energy sector, including those related to fossil fuels, new and renewable energy sources and nuclear energy, and on their plans to reduce or phase out such measures, by [*date*];

23. *Invites* Parties not included in Annex I to the Convention to provide information on their specific needs and concerns related to the minimization of adverse social, environmental and economic impacts on developing country Parties under Article 3.14 of the Kyoto Protocol, by [*date*];

24. *Requests* the secretariat to organize a workshop [*when?*] on methodological issues related to the possible adverse impacts of response measures on developing country Parties under Article 3.14 of the Kyoto Protocol;

25. *Requests* the secretariat to organize a workshop [*when?*] on the exchange of information on whether and how policies and measures that Annex I Parties will be adopting to meet their commitments under the Kyoto Protocol may adversely impact developing countries under Article 3.14;

26. *Requests* the secretariat to organize a workshop [*when?*] on the needs and options of Parties not included in Annex I of the Convention, for economic diversification, and on the assessment of the effectiveness of actions taken by non-Annex I Parties and their development partners to promote diversification;

27. *Requests* the Subsidiary Body for Technological and Scientific Advice and the Subsidiary Body for Implementation, at their [xx] sessions, to consider the output of the workshops referred to in this decision, and to make recommendations thereon to the Conference of the Parties at its [xx] session;

28. *Decides*, on the basis of the output of the workshops referred to in this decision, to consider the various modalities related to funding, such as compensation and insurance, for proven adverse impacts of response measures on developing country Parties;

29. *Invites* Parties included in Annex I to the Convention to consider:

(a) Restructuring their tax systems to reflect the greenhouse gas content in all greenhouse gas emitting sectors, and removing subsidies;

(b) Discouraging the production of fossil fuels in Annex I Parties;

(c) Discouraging the use of nuclear energy by reflecting its huge externalities;

(d) Removing the existing barriers (political and regulatory) to the use of oil in the electricity sector;

(e) Encouraging a wider use of carbon dioxide sequestration technologies;

(f) Assisting developing countries which are highly dependent on the exportation of fossil fuels in diversifying their economies;

(g) Providing compensation to proved impacted developing countries;

30. *Invites* oil producing and exporting Parties not included in Annex I to the Convention to consider setting up investment funds to promote economic diversification, and to undertake joint action aimed at minimizing any potential impacts of response measures on their economies.

III. OTHER INPUTS

A. Proposed text for a draft decision, by Australia, Canada, Japan and the United States of America

Implementation of Article 4.8 and 4.9 of the Convention (covering also Articles 2.3 and 3.14 of the Kyoto Protocol)

The Conference of the Parties,

Reaffirming its commitment to achieving the ultimate objective of the Convention, as defined in Article 2 of the Convention,

Recalling paragraph 1 (c) of decision 1/CP.4, entitled the Buenos Aires Plan of Action on the implementation of Article 4.8 and 4.9 of the Convention (covering also Articles 2.3 and 3.14 of the Kyoto Protocol),

Recalling also its decisions 5/CP.4 entitled "Implementation of Article 4.8 and 4.9 of the Convention (decision 3/CP.3 and Articles 2.3 and 3.14 of the Kyoto Protocol)", and 12/CP.5 entitled "Implementation of Article 4, paragraphs 8 and 9, of the Convention and matters relating to Article 3, paragraph 14, of the Kyoto Protocol",

Recalling also its decision 8/CP.4, referring to decision 5/CP.4, on preparations for the first session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,

Recognizing the specific needs and concerns of developing country Parties referred to in Article 4.8 of the Convention, and the specific needs and special situations of the least developed countries referred to in Article 4.9,

Acknowledging the efforts already made by Parties to meet the specific needs and concerns of developing country Parties, in particular least developed countries, with regard to adaptation,

Taking note of the report of the workshops referred to in decision 12/CP.5, which were held in Bonn from 9 to 11 March 2000, and from 13 to 15 March 2000,

Having considered the report of the above-mentioned workshops, regarding (a) the consideration of initial actions, including actions related to capacity-building, funding, insurance and the transfer of technology, needed to meet the specific needs and concerns of developing country Parties, and the specific needs and special situations of the least developed countries, arising from the adverse effects of climate change on, *inter alia*, water resources, agriculture and food security, economic activities, coastal zones and health, and (b) methodological approaches and what actions are necessary under the Convention relating to the impact of the implementation of response measures on, *inter alia*, terms of trade, international capital flows and development efforts,

Noting with concern the many persistent uncertainties highlighted by those workshops, particularly in regard to the impact of response measures,

Acknowledging that the impacts of response measures will differ significantly from country to country, depending on their unique national circumstances, including the structure of their economies, trade and investment flows, natural resource endowments, social systems, legal regimes, and population growth rates,

Having considered matters relating to Article 3.14 of the Kyoto Protocol,

Reaffirming the environmental benefits of protecting and enhancing sinks and reservoirs of greenhouse gases, in accordance with Article 2.1 (a) (ii) of the Kyoto Protocol,

Acknowledging the need for the progressive reduction or phasing out of market imperfections, as well as the application of market mechanisms, in accordance with Article 2.1 (a) (v) of the Kyoto Protocol,

Recognizing the key role that cost-effective, transparent and uncapped flexibility mechanisms of the Kyoto Protocol could have in minimizing the impacts of response measures on non-Annex I Parties,

1. *Requests* the subsidiary bodies, at their [xx] sessions, giving special attention to the situations of least developed countries in accordance with Article 4.9 of the Convention, and

reaffirming, in particular, the need for capacity-building and technical assistance, to continue the joint consideration of Article 4.8 and 4.9 of the Convention, and, as an input to the first session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, of issues related to Article 3.14 of the Kyoto Protocol;

Adverse effects of climate change

2. *Insists* that action related to adaptation follow a rigorous assessment and evaluation process, based on national communications, so as to avoid maladaptation and to ensure that adaptation actions are environmentally sound and will produce real benefits in support of sustainable development;

3. *Encourages* Parties not included in Annex I to the Convention to provide detailed information, in their national communications, on their specific needs and concerns arising from the adverse effects of climate change;

4. *Asserts* the importance of a country-driven approach that allows developing countries to pursue the specific activities most appropriate to their unique national circumstances;

5. *Encourages* Parties included in Annex II to the Convention to provide information, in their national communications, on their existing and planned support programmes to meet the specific needs and circumstances of developing country Parties arising from the adverse effects of climate change;

6. *Underlines* the importance of integrating the ongoing work of the secretariat in compiling and disseminating information on methods and tools to evaluate impacts and adaptation strategies as related to decision 3/CP.3;

7. Recognizing the importance of prioritizing immediate adaptation needs in the context of longer-term objectives, *encourages* Parties listed in Annex II to the Convention, in cooperation as appropriate with international organizations, to provide financial and technological support for the specific activities elaborated by developing countries, such as those listed below, as appropriate to their national circumstances:

(a) Improving preliminary data and information gathering;

(b) Providing for thematic and regional workshops on technical issues related to these articles;

(c) Strengthening systematic observation and monitoring networks (e.g. sea level and climate monitoring stations);

(d) Enhancing technical training for vulnerability assessments and climate change impact assessment;

(e) Strengthening regional centres for the provision of research, training, education and technical support;

(f) Considering ways in which early warning systems for extreme weather events might be strengthened or established in an integrated and interdisciplinary manner to help address the climate-change related requirements of particularly vulnerable countries;

(g) Establishing pilot or demonstration projects to show how adaptation planning and assessment can be practically translated into projects that will provide real benefits, and integrated into national policy and sustainable development planning, on the basis of information provided in the national communications from non-Annex I Parties;

(h) The provision of support, such as by the Global Environment Facility, for enabling activities for vulnerability and adaptation assessment;

(i) Enhancing capacity to integrate adaptation into sustainable development programmes;

(j) Integrating climate change considerations into sustainable development planning, including those related to land use, crop production and livestock management;

(k) Promoting methodologies to distinguish climate change impacts from other impacts, and further research to link historical information with climate change and climate variability.

8. *Requests* the secretariat to organize a workshop before the seventh session of the Conference of the Parties on technical issues related to the development of a vulnerability index for those countries that are vulnerable to the adverse effects of climate change and on actions to address the specific needs and special situations of least developed countries;

9. *Requests* the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation to consider, at their [xx] sessions, the progress of the above-mentioned activities and to make recommendations thereon to the Conference of the Parties at its [xx] session;

Impact of response measures

10. *Stresses* that no Party should take any action that it deems to be contrary to the ultimate objective of the Convention;

11. *Affirms* that the actions considered under Article 3.14 to address impacts of response measures must be conditioned upon the actions taken by both developed and developing countries pursuant to Articles 4.8 and 4.9;

12. *Reiterates* decision 12/CP.5, that the identification of initial actions needs "to be based on sufficient information and analysis within a clearly-defined process";

13. *Decides* that this information should be provided and analysis conducted within the following clearly-defined process:

(a) First, methodologies for assessing, and case studies describing, the impact of response measures since the Convention entered into force must be developed:

(i) Consistent with Article 4.8 of the Convention, these methodologies should provide for the separation of the impact of other unrelated policies and measures from those of policies and measures undertaken specifically to address climate change;

(ii) Where policies and measures are undertaken for multiple reasons, those methodologies should recommend means to determine what proportion of the policies and measures were undertaken for climate change mitigation purposes;

(iii) These methodologies should also disaggregate the effect of climate change policies and measures from those of other factors, such as technology development, macroeconomic variability, cultural or consumer changes, structural economic shifts, and exogenous changes in other markets, such as those for fuels;

(iv) The counterfactual scenario underlying any assessment of the impacts of response measures should include any actions which developing countries could have taken to minimize the impact of response measures, focusing particularly on the time period since the Convention entered into force. The counterfactual scenario should include, inter alia, any trade or investment liberalization, structural adjustment or balance of payments stabilization plans agreed to with international financial institutions;

(v) These methodologies should also provide the means to assess the uncertainty surrounding the impacts of specific climate change response measures on specific countries;

(b) Using these methodologies, developing countries which believe that they have been harmed by the impacts of response measures should demonstrate via a formal reporting process, as a prerequisite to any further discussion of the impacts of response measures, the

actions that they have taken under Article 4.8 to reduce their vulnerability to response measures. These communications should describe:

(i) The circumstances and the legal, economic, and social structures that determine the country's vulnerability to response measures;

(ii) The specific climate policies and measures that have impacted on them, the extent of the impact, and the uncertainty surrounding the quantification of that impact. This information should be disaggregated from the effect of other policies and measures and other factors, such as technology development, macroeconomic variability, cultural or consumer changes, structural economic shifts, and exogenous changes in other markets, such as those for fuels;

(iii) An assessment of all other actions, including the promotion of self-diversification of economies and creation of an enabling environment for investment, that they have taken to minimize the impacts of response measures on themselves;

(iv) A description of gross and net revenue flows, showing net profits, and an indication of how these revenues were spent or saved to promote diversification of economies or otherwise minimize the impact of response measures;

(c) When the methodologies for post facto assessment of the impact of response measures have been fully refined, the development of methodologies for assessing possible effects of alternative future response measures can begin. These methodologies should elaborate the means for assessing, *inter alia*:

(i) Impacts under a variety of assumptions regarding technology development and transfer;

(ii) Impacts under a variety of investment, trade and legal regimes;

(iii) Impacts under a variety of policy scenarios. These scenarios should incorporate different mixes of policies and measures that developing countries might take to minimize the impact of response measures on them. These scenarios should also incorporate different mixes of climate policies and measures that Annex I Parties might take;

(iv) The effect of policies and measures undertaken for climate change mitigation purposes disaggregated from those undertaken for other reasons;

14. Requests the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation to consider, at their [xx] sessions, the progress of the above-mentioned activities and to make recommendations thereon to the Conference of the Parties at its [xx] session.

B. Contribution by Portugal on behalf of the European Community and its member States

Article 4.8 and 4.9 of the Convention (decision 3/CP. 3, and Article 2.3 and 3.14 of the Kyoto Protocol)

Matters relating to Article 3.14 of the Kyoto Protocol

The European Community notes that many comments raised by its delegates are already reflected in documents that have been presented to the contact group held at the twelfth sessions of the subsidiary bodies.

Recognizing the specific needs and concerns of developing country Parties, and in particular the specific needs and special situations of the least developed countries relating to these issues, we would like to emphasize the following additional elements for consideration in a text to be formulated as a basis for future negotiation.

Adverse effects of climate change

We recognize the further concerns raised during the discussions on this issue at the twelfth sessions of the subsidiary bodies, including concerns relating to recent instances of extreme weather events in developing countries, especially in least developed countries.

We welcome the proposals put forward by many Parties for actions relating to the adverse effects of climate change, including those relating to the development of early warning systems to enhance preparedness for extreme weather events.

Actions relating to the adverse effects of climate change should be based on a rigorous assessment and evaluation process, providing a framework for decision-making that can avoid maladaptation and ensure that adaptation actions are environmentally sound and produce real benefits in support of sustainable development.

This framework should include the following steps:

(a) Understanding, identification and evaluation of the impacts of climate change (e.g. through systematic observation and monitoring; data and information gathering, and research);

(b) Assessment of the vulnerability to impacts of climate change, *inter alia*, on national or regional social, economic and environmental conditions;

(c) Identification and evaluation of options for adapting to adverse effects of climate change, with the aim of developing effective national adaptation strategies;

(d) Integrating these strategies into national development strategies.

Actions relating to the adverse effects of climate change should reflect the framework for decision-making provided by these steps, and should address, *inter alia*, the need to enhance the capacity of developing countries to carry out the necessary assessment and evaluation, including vulnerability assessment. Actions in these areas should give special attention to the needs and concerns of the least developed countries. We note that many of the proposals for actions put forward by Parties fit well within the above framework.

Developing countries should be encouraged to provide detailed information – including in their national comunications - on their specific needs and concerns arising from the adverse effects of climate change reflecting the different steps of the above-mentioned framework.

In considering actions relating to the adverse effects of climate change, opportunities presented by the synergies between adaptation to climate change and other environmental problems, in particular those covered by other global environmental conventions, should be explored.

Given these links and those with broader development issues, Parties should be encouraged to give consideration to actions to ensure that adaptation measures can be integrated into national policies and programmes, such as national strategies for sustainable development and other strategic development programmes.

Many bilateral and multilateral agencies are already supporting activities related to adaptation. Decisions and planning for development programmes are formulated through dialogues between donors and their development partners. Developing country partners are therefore encouraged to raise in these dialogues issues relating to adaptation where they see this as a priority in the context of their sustainable development strategies.

Impacts of the implementation of response measures

The European Community stresses that no Party should take any actions that are contrary to the ultimate objective of the Convention.

Reflecting decision 12/CP.5, consideration of concerns arising from the impacts of the implementation of response measures must be based on sufficient information and analysis within a clearly defined process.

Discussions at the workshop on the impact of the implementation of response measures, held in Bonn in March 2000, highlighted continuing gaps in information on such impacts.

The initial step in considering the impacts of response measures must be to develop a clear understanding of the nature and scope of these impacts. This is essential as a basis to address further the concerns arising from the implementation of response measures.

An assessment of the impacts of response measures must take fully into account, *inter alia*, the potential for future technological evolution; the nature of behaviour in global commodities markets, including for fossil fuels; changing patterns of global reserves of fossil fuels, and changes in fossil-fuel output and price levels. Furthermore, any assessment must be country-specific, and based on measures actually implemented by Parties included in Annex I to the Convention.

Developing country Parties that believe they have been affected by the impacts of the implementation of response measures should report on these impacts through their national communications. As noted by the co-Chair of the contact group on Article 4.8 and 4.9, funding is already available through the Global Environment Facility for reporting through national communications, including on issues relating to Article 4.8 and 4.9.

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